

AG Jennings announces Honda airbag settlement

Attorney General Kathy Jennings today announced an \$85 million multistate settlement with American Honda Motor Co., Inc. and Honda of America Mfg., Inc. (collectively "Honda"), over allegations Honda concealed safety issues related to defects in the frontal airbag systems installed in certain Honda and Acura vehicles sold in the United States. The systems were designed and manufactured by Takata Corporation, a long-time Honda supplier, and were first installed in Honda vehicles in the 2001 model year.

The settlement, reached between the attorneys general of 43 states and the District of Columbia and Honda, concludes a multistate investigation into Honda's alleged failure to inform regulators and consumers of that the frontal airbags posed a significant risk of rupture, which could cause metal fragments to fly into the passenger compartments of many Honda and Acura vehicles. The ruptures have resulted in at least 14 deaths and over 200 injuries in the United States alone.

"Delaware consumers have every right to expect that their cars—and particularly their cars' safety equipment—are safe to use, and they have every right to expect honesty from the auto industry" said Attorney General Jennings. "Nothing can undo the harm that these ruptures have already done; but this resolution will help prevent these tragedies from repeating. We continue to expect businesses to behave honestly and to follow the law; our Consumer Protection Unit will continue to hold accountable those who do not."

The states have alleged that Honda engineers suspected that the airbags' propellant, ammonium nitrate, could burn aggressively and cause the inflator to burst. Despite these concerns, Honda delayed warning consumers or automobile safety

officials, even as it began partial recalls of affected vehicles in 2008 and 2009. Further, despite these concerns, Honda continued to represent to consumers that its vehicles, including its airbags, were safe. Since 2008, Honda has recalled approximately 12.9 million Honda and Acura vehicles equipped with the suspect inflators.

The states have alleged that Honda's actions or failures to act, as well as its misrepresentations about the safety of its vehicles, were unfair and deceptive, and that Honda's conduct violated state consumer protection laws, including Delaware's Consumer Fraud Act.

Under the terms of the consent judgment, which will be filed with the Delaware Superior Court, Honda has agreed to strong injunctive relief, including:

- Take steps to ensure that future airbag designs include "fail-safe" features to protect passengers in the event the inflator ruptures.
- Adopt changes to its procurement process for new frontal airbags, to ensure that its suppliers have the appropriate industry certifications and satisfy key industry performance standards, as well as improve record-keeping and parts tracking.
- Implementation of recurrence prevention procedures designed to prevent a tragedy like this from ever happening again, such as requiring that Honda approve all new frontal airbag designs *before* the company will consider them for use in new Honda vehicles.
- Prohibitions on misleading advertisements and point of sale representations regarding the safety of Honda's vehicles, including the airbags.
- Making improvements in critical areas such as risk management, quality control, supplier oversight, training and certifications, and implementing mandatory whistleblower protections.

In addition to Delaware, the multistate group includes South Carolina, Arkansas, Connecticut, District of Columbia, Florida, Georgia, Maryland, New Jersey, Oregon, South Dakota, Texas, Alabama, Alaska, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New York, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the Northern Mariana Islands.

Consumers who own a Honda or Acura vehicle are strongly encouraged to visit Honda's airbag recall website at <https://hondaairbaginfo.com>, or call its Customer Service toll-free number at (888) 234-2138, to see if their vehicle is subject to a recall. Consumers may also check for open recalls by going to Safercar.gov. All safety recall repairs are free at authorized Honda dealers. Consumers can also contact the Consumer Protection Unit at consumer.protection@delaware.gov or (302) 577-8600 with any questions about this settlement.

Director of Consumer Protection Shaun Kelly, Deputy Attorney General Stephen McDonald, and Deputy Attorney General Oliver Cleary assisted in the investigation and resolution of this matter.